BEFORE THE
FEDERAL COMMUNICATIONS COMMISSION
Washington, D.C. 20554

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IN THE MATTER	)	
	)	
Developing a Unified Intercarrier Compensation Regime	))	CC Docket No. 01-92

To: The Commission

COMMENTS OF THE RONAN TELEPHONE COMPANY CONSUMER ADVISORY COMMITTEE

The Ronan Telephone Company Consumer Advisory Committee (hereinafter, Committee) is an independent group of seven consumers of telecommunications services in the Montana communities of Ronan and Pablo located on the Confederated Salish and Kootenai Indian reservation. The Committee consults with and advises the Ronan Telephone Company on the provision of services, pricing and public policy matters that affect telephone consumers in this community.

Our committee has reviewed the rulemaking proposing that all types of intercarrier compensation be transitioned to a unified "bill and keep" system. We feel that the consequences of such a policy will:

1) drive our local telephone rates above affordable and/or competitive levels;

2) preclude our telephone company from continuing to make needed investments to improve local telephone service, and provide advanced data services;

3) eliminate many local telephone jobs which would reduce convenient and timely services to people in our community; and

4) possibly force the sale or bankruptcy of our local telephone company.

The small rural towns of Ronan and Pablo are located in the heart of the Flathead Indian Reservation in western Montana. This Indian Reservation community is the home of the Confederated Salish and Kootenai Tribes (CS&KT) and includes an ethnically diverse mix of Indian and Non-Indian people. The community is has a low average per capita income of approximately $16,500 per year, nearly 40% lower than the national average[1]. The economy is a mixture of agriculture, timber processing, light manufacturing, tourism, retail services, CS&KT businesses and local, state and federal services. Our community is economically disadvantaged, both in comparison to Montana and National norms.

Ronan Telephone Company (RTC) is a community based, small rural incumbent local exchange carrier serving approximately 3,800 access lines in the central Mission Valley, including the towns of Ronan and Pablo. RTC is the only universal provider of wireline telephone service in this community. RTC is only able to fund the provision of modern high quality telephone and data services because of the revenues received from carrier access charges,

[1] Based on the latest US Census Bureau estimates for 1998. Comparable statistics from the 2000 Census are not yet available.

which account for approximately 60% of it's revenues. RTC is a responsible member of the local business community; it hires, trains and employs local people to perform the technically demanding tasks of providing essential and updated telecommunications services, and has reinvested heavily in the local wireline infrastructure. It also provides advanced services, including Internet data services and is in the process of implementing high speed Digital Subscriber Line data service.

Other telecommunications services are available in the community, including wireless cellular service from two national providers, and wireless digital PCS service from the subsidiary of an incumbent wireline telephone cooperative serving only in western Montana. Competing wireline services are also available to the Tribal government and institutions, and the largest businesses. However, most residents and small businesses of our community do not have a choice for basic wireline telephone service. The two telephone companies offering selective competing wireline services are located immediately to the south and north along the area's only arterial highway. Both of these firms receive more universal service support resources than does RTC. Many more choices now exist here for telecommunications services, particularly for the larger businesses and institutions.

These evolving competitive services have caused RTC to be involved in several state regulatory proceedings concerning local interconnection and reciprocal compensation issues, and in litigation related to compensation for terminating wireless traffic. This Committee has intervened and testified in the PSC cases, and monitored the status of pending litigation in our role of representing local consumer's interests. Our committee has consistently taken the position that local telephone consumers must not be forced to suffer increases in their local telephone rates resulting from our local telephone company being forced to provide services to competing carriers at unreasonably low rates of compensation or for free. The RTC Consumer Advisory Committee has given these issues serious thought, and strongly believes that "bill and keep" type arrangements are directly contrary to the state and federal policy goals of preserving and advancing universal service, and in particular, the goals of ensuring reasonable basic telephone rates for the low-income, fixed income, and disadvantaged members of our community, both Indian and non-indian.

Contrary to our recommendation, RTC has been ordered by the Montana Public Service Commission on an interim basis to interconnect with one of the competing wireless services using a "bill and keep" arrangement[2]. The wireless traffic from the other two cellular carriers serving Ronan telephone users is delivered to RTC by Qwest (formerly U S West); and Qwest has been withholding payment of tariffed charges on this traffic for over two years[3]. Thus, pending resolution of litigation and MT PSC Docket D2000.1.14, RTC is currently being forced to provide the use of its infrastructure to its wireless competitors for free.

In the process of attempting to educate ourselves on the issues in these proceedings, we find ourselves astounded and overwhelmed at the complexity of and contradictions within the laws and rules currently governing telecommunications. We favor fair competition that provides

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[2] Montana PSC Docket No. D2000.1.14, Order No. 6225d and 6225f.

[3] This dispute is the subject of litigation between nine Montana independent ILECs and Qwest; which is currently on appeal before the 9th Federal Circuit Court of Appeals. 3 Rivers Telephone Cooperative, et.al. v. U S West Communications, Cause No. 01-35065.

services at a reasonable cost to all consumers, but we question if these suggested changes and those that are occurring now will provide beneficial choices to all? Our experience with the development of telecommunications competition on the Flathead Indian Reservation to date suggests not. Most significantly, only a handful of the largest institutions located along Highway 93 have been offered a choice for wireline services. The vast majority of residences and small businesses have not and will not be offered alternative wireline services in the foreseeable future.

Wireless service is an alternative that is generally available. Wireless service remains a luxury item in this area. However, the vast majority of calls completed from wireless phones here terminate on a land line phone. How does the land-line customer benefit when his telephone company is forced to complete calls from the wireless carrier for free? Ultimately, the land line customer will see his land line rates increased to cover expenses and infrastructure costs caused by the wireless traffic and for traffic that migrates from long distance carriers to wireless carriers. Consumers here will pay more even if they do not call and are not often called by wireless phone users.

What happens when this concept is extended to include long distance carriers and calling, as is being suggested in this proceeding? Our rural telephone company loses 60% of it's revenue! What impact will this have. Perhaps the universal service subsidy system will be increased to cover a portion of the shortfall. But, even with subsidy support increases, local service rates will undoubtedly skyrocket! We are informed by RTC's management that the carrier access charge revenue at issue in this community amounts to approximately $70 per line per month. Local telephone rate increases of this magnitude are unacceptable.

Our local telephone company would be forced to cut costs in such a scenario, to the point of sacrificing any reasonable customer service. They will also be forced to cancel or drastically reduce the level of investment in the wireline infrastructure (the local economic situation and political pressure on the state Commission will eliminate margins; which will block access to capital).

Will long distance rates decrease to compensate? Long distance rates are no longer regulated, and thus, are no longer directly tied to the price of access. A "bill and keep" arrangement for rual companies may not effect national long distance pricing at all. If toll prices drop because of decreased costs of access, this decrease would be related to the carriers overall cost reductions, which will be driven by changes in the cities and suburbs, where most people live. The rural areas are only a very small fraction of the national long distance company market, and therefore rural company access charges are only a very small fraction of their national cost structure. The dramatic decrease in rural access revenues by small companies like RTC would be relatively far greater than a long distance carrier's decrease in access costs. It seems unlikely to us that rural long distance rates will decrease by an amount similar to the local rate increases necessary to keep the local telephone company out of bankruptcy.

For many years, this Committee has been studying the universal service support program. It is clear to us that we must have a system to maintain affordable services in rural areas. However, we question its fairness and if it being used correctly. It is not clear that these funds will always be used to maintain services as intended. We have also observed that the current system provides vastly different levels of resources to different incumbent carriers.[4] When neighboring carriers begin competing with each other, as has been the case here, it becomes very difficult to determine if the support resources are being used as intended. Can subsidies intended to keep rates reasonable in one exchange be leveraged to allow the carrier to make an otherwise uneconomic competitive service offering in another location? This question becomes even more confused when subsidy payments are made "portable" between competitors. We believe it is very likely that universal service subsidies are being used and/or leveraged to "skim the cream" in adjacent areas. When this occurs, is it still a "universal service" program, or are the benefits flowing away from those in need and toward the most profitable customers to serve?

We cannot predict who will benefit from the idea of unified bill and keep interconnection, but we are all but certain average rural telephone consumers will be harmed. We fail to see the benefits to our community of a federal initiative that will force rural low income subscribers basic telephone rates dramatically higher, probably to a level unaffordable to many in our community, simply so that any and all carriers are allowed to use the local wireline infrastructure for free. We, the members of the Ronan Consumer Advisory Committee, fail to see the reason, logic or public

[4] RTC, for example, recieves USF funding per line that is approximately 80% less than the adjacent Cooperative with which it must compete . The U.S. 10th Circuit Court of Appeals, similarly, cited a rate disparity of 70%-80%, as a basis for overturning the FCC's non-rural USF Order regarding "reasonable comparability" between rural and urban rates. Qwest v. FCC, Cause No. 99-9546, et.al. (10 Cir., July 31, 2001).

policy benefits of such a system for our community.

DATED: August 15, 2001

Respectfully Submitted,

/s/

Corwin (Corky) Clairmont, Chairman